

CITY OF SAN JOSE - M E M O R A N D U M

**TO: Honorable Mayor
and City Council**

FROM: Del Borgsdorf

**SUBJECT: Investing in Results:
Milestone 1 Review and Discussion**

DATE: December 6, 1999

APPROVED:

DATE:

RECOMMENDATION

Endorse core services as the context for developing performance measures and for discussing policies relating to service delivery, service results and resource allocation.

BACKGROUND

In April, 1999, the City Council approved proceeding with the integrated approach to performance-based budgeting and other results-driven practices. The effort, later entitled "Investing in Results," built upon previous successful efforts to improve services in the City. Investing in Results (IiR) incorporates best practices from on-going and pilot efforts such as Continuous Improvement, public-private competition, performance-based budgeting, program sunsets, civil service reform, and group-based pay into a citywide approach for managing service delivery and improving services.

Drawing upon previous successes and lessons learned, IiR incorporates the following key principles to guide the effort:

- Employee involvement and partnership
- Meaningful, useful and sustainable information
- Commitment, capacity and communication
- Learning before scorekeeping.

The IiR implementation plan covers a three-year period over which the departments and offices of all Council Appointees are moving forward collectively toward performance-based budgeting and toward using results more consistently to manage service delivery. The plan incorporates five milestones at which the City Council provides feedback and input.

Milestone 1 is the first opportunity for Council feedback.

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This staff report presents information that will be discussed in more detail at the Committee of the Whole (COW) on December 15 and December 16, 1999. The COW is intended to present to the Council the status of Investing in Results at Milestone 1 and to obtain feedback from the Council before the City proceeds to develop performance measures for Milestone 2.

ANALYSIS

Investing in Results

Investing in Results (IiR) is setting in place a framework for linking policy setting, resource allocation, and management of service delivery with the results we want to achieve. By focusing on the results we want to achieve, the organization can better direct resources and energy toward achieving those results. The benefits of the IiR framework include:

- The community knows the services they are getting for their tax dollars and how well the services are provided.
- The Council has better information to establish budgetary policy to achieve a desired level and quality of services and to communicate with the community about service levels and costs.
- Customers receive services that are more aligned with their needs, have more opportunity to give feedback and experience more seamless service delivery.
- The organization is better aligned to deliver services within and across departments and has better information to identify opportunities for improvement in service delivery and to articulate results and resource needs.

Milestone 1 – The City’s Core Services

The first step in building the framework to link service results with policy setting is to establish the context for policy level discussions. In the City’s framework, the context for policy level discussions is core services.

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We are using the term “core services” to represent the City’s key lines of business. This does not mean that services not identified as core are not important. Rather, core services represent the ultimate services delivered. Other services in a department, called “operational” or “strategic support,” contribute to one or more core services. Thus, all services that contribute to core services are important.

Policy discussions at the core service level enable the City Council to set the direction for service outcomes, linked to the resources it will take to achieve the measurable outcomes. The organization then directs its service delivery strategies toward achieving the results. Thus, the core services provide a meaningful context for:

- Focusing on services customers value.
- Communicating to the community about the services the City provides.
- Aligning energy and resources throughout departments.
- Identifying opportunities for improvement.
- Building toward citywide strategic goals.
- Driving resource decisions.

At the Dec. 15 and 16 COW, City departments and offices will illustrate how their core services provide a meaningful context for accomplishing each of the above objectives. In addition to the presentations at the COW about core services, Exhibit A provides a complete listing of every department’s and office’s mission, core services and their definitions. During the COW, the Council can refer to this information for a more complete explanation of the core services in order to provide specific feedback.

While Exhibit A includes all departments and offices, it should be noted that the core services remain a work in progress. It is important to arrive at a fairly consistent level of services as the context for policy discussions. This has not been achieved in all cases. Based on Council input and further refinement at the departmental level, we will achieve a more consistent core service level across departments in the coming months.

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Guiding Principles in Practice

The guiding principles endorsed by Council in April, 1999 have been incorporated throughout the implementation of IiR over the past six months. This degree of organizational change has required significant commitment on the part of the organizations' senior leaders and of employees at all levels of the organization.

It has also taken considerable capacity to align the organization towards a focus on core services. A central corps of coaches has provided training and technical assistance to departments. Facilitators and implementation teams in each department have managed the effort at the departmental level. This upfront investment is necessary to change the perspective and practices required for organizational change. When the perspective and practices are in place, they will become the way we work, not additional work.

The extensive network of employees involved in IiR has provided for multiple channels of communication. In addition to these direct channels, the commitment to the principle of employee involvement and partnership has created further opportunities for communication. In all departments, implementation teams and the groups that came together to identify the core services were comprised of employees from all levels of the organization and represented all major service areas.

In addition to the direct participation of employees, QUEST's labor liaison conducted Benefits and Concerns forums for approximately 40 percent of all front-line employees. The forums provided an opportunity for employees to talk with peers about issues and concerns related to IiR and helped to identify barriers to success. The forums will continue throughout IiR implementation.

Throughout the past six months, we have emphasized that the effort in general and the performance measures to be developed, in particular, must be meaningful, useful and sustainable. This effort and the performance measures must help us do our jobs better and help us know where and how to invest our time and money to achieve results.

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The transformation to results-focused management evolves over time. It is critical to build a reliable foundation and allow the practices to grow and emerge before placing premature expectations on the data. Over the past six months, we have communicated to the organization that the expectations need to be challenging, but realistic and reasonable. We have also communicated that a primary purpose of performance measures will always be to learn and improve, as well to ensure accountability.

Next Steps

As noted earlier, IiR remains a work in progress. Regarding core services, the organization will be fine-tuning them over the coming months. Incorporating Council feedback, we will develop a consistent level of core services across departments, identify opportunities to integrate core services across departments and to realign core services where necessary, and begin to build a framework for strategic citywide goals. The Council may wish to consider having a policy retreat or study session to develop focus areas for citywide goals.

Concurrent with refining core services, departments and offices will begin to develop performance measures at the core service level. These performance measures will help the Council make sound decisions about investments and improvements in City services. In the spring of 2000, we will bring forward to the Council the proposed performance measures for the City's core services. Prior to taking the performance measures forward to Council, we will seek customer input to help determine the measures that are meaningful to our customers.

PUBLIC OUTREACH

In identifying core services, every department and office obtained input from customers of their services. Most of the input occurred in customer focus groups. Departments held focus groups with their key customer groups, either internal and/or external, to get feedback on whether the core services represent the services they expect from the department and whether

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the names and definitions were clear. In many cases, departments refined their core services to respond to customer input.

Departments will conduct a similar process to obtain input on the performance measures developed for core services.

COORDINATION

The preparation of this report has been coordinated with all departments and Council Appointee offices.

Del Borgsdorf
City Manager

Attachment